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ITT Official Says CIA Man Backed Anti-Allende Plans

By Laurence Stern
Washington Post Staff Writer

A top Central Intelligence Agency operative "approved" plans by the International Telephone and Telegraph Corp. intended to block the election of President Salvador Allende in Chile in 1970, an ITT official told senators yesterday.

William R. Merriam, a vice president and former chief Washington representative for ITT, acknowledged that he and other executives of the corporation met repeatedly with the CIA executive—William V. Broe, Western Hemisphere Chief of Clandestine Services—to discuss anti-Allende strategy.

He said Broe specifically gave his assent to an ITT plan to subsidize an anti-Allende newspaper in an effort to promote political opposition to the Marxist candidate in the 1970 election.

In a morning of halting testimony punctuated by frequent lapses of memory, Merriam gave the Senate Foreign Relations Subcommittee on Multinational Corporations a general picture of close liaison between ITT and the CIA throughout 1970 and 1971.

The subcommittee, headed by Sen. Frank Church (D-

Idaho), is negotiating with the CIA for Broe's testimony in order to determine to what extent he was carrying out the agency's policy in his dealings with ITT and other American companies.

At one point Merriam referred to Broe as "our man" in the agency. The CIA official, who held the equivalent of a GS-18 Civil Service rank, was in charge of all covert intelligence programs in Latin America and reportedly sat in on top-level National Security Council meetings dealing with his region.

He has since been transfer-

red to another job in the agency. The CIA is understood to have refused to permit him to testify publicly in the proceeding.

Merriam said he was introduced to Broe by ITT's board chairman and chief operating officer, Harold S. Geneen, at the Sheraton Carlton Hotel on the night of July 16, 1970. Geneen "told me to stay in touch with Mr. Broe," Merriam said.

Merriam testified he was unaware of Broe's role in the CIA's covert wing, which operates under the Deputy Director for Plans.

"I had no notion he was clandestine," the ITT official testified. "We had lunches in places where 300 or 400 people were present," he added to a roar of laughter from the committee room.

On one occasion, Merriam testified, Broe told him the CIA had contacted a group of American businesses in hopes of applying anti-Allende political pressure through concerted economic action.

In an Oct. 7, 1970 memo to Edward Gerrity Jr., ITT's senior vice president for corporate relations, Merriam related that Broe had told him "repeated calls to firms such as GM, Ford and banks in California and New York have drawn no offers of help. All have some sort of excuse." The memo was one in a series made public last year by columnist Jack Anderson.

Asked by subcommittee members who made the "repeated calls," Merriam said Broe told him it was the agency.

Merriam further confirmed that—on the strength of information from Broe—he had advised ITT board member and former CIA Director John A. Mohr on Oct. 9, 1970 that the Nixon administration "will take a very, very hard line

when and if Allende is elected." In the memo Merriam reported Broe's assertion that all sources of U.S. monetary aid to Chile would be cut off "as soon as expropriations take place."

Pressed by members of the Senate panel on the sources of Broe's intelligence, Merriam replied that "I believe as a member of the CIA, he (Broe) had periodic meetings with the White House staff."

At one point Sen. Clifford P. Case (R-N.J.) incredulously asked Merriam why the CIA should ask ITT to pressure the White House on Chilean policy matters.

Sen. Stuart Symington (D-Mo.) observed that "the CIA reports only to the President." "... And apparently to Mr. Merriam," Case snapped.

Merriam was transferred to Rome after the surfacing of the ITT papers and now specializes in international trade matters. He said that Broe used to send a special messenger to pick up ITT's own field intelligence reports, and that Broe regarded the ITT data from Chile as highly as any intelligence reports from other sources.

In February, 1971, ITT took a leading part in an effort by American business interests in Chile to put pressure on the Allende government against expropriation of their holdings.

The subcommittee made public an internal memo by Bank of America's Washington representative, Ronald R. Raddatz. It described a meeting in Merriam's office on Feb. 9, 1971, attended by representatives of five other U.S. companies doing business in Chile: Anaconda, Kennecott, W. R. Grace, Pfizer Chemical and Kalston Purina.

"The thrust of the meeting," the memo related, "was toward the application of pressure on

the government wherever possible to make it clear that a Chilean takeover would not be tolerated without serious repercussions following.

"ITT believes that the place to apply pressure is through the office of Henry Kissinger. They feel that this office and the CIA are handling the Chile problem," Raddatz reported to his superiors.

Merriam described the meetings of an ad hoc committee "a very informal group." He acknowledged, however, that the Allende government had indicated at the time that it was prepared to bargain in good faith for compensation on the seizure of ITT's Chilean Telephone Co.

Speaking of the companies in the "ad hoc group," Church said "if I ever found out that those companies were meeting concerning an election of mine, I'd be concerned."

The ITT testimony and supporting documents show that the anti-Allende campaign was most intense between the Sept. 4, 1970 popular election and the final congressional runoff Oct. 24. Allende had to contend in the runoff because he failed to win a clean majority in the popular election.

During the interim period two ITT field operatives, Harold Hendrix and Robert Berrellez, recommended purchase of advertising by U.S. firms in the anti-Allende Mercurio chain of newspapers and the hiring of "propagandists" in radio and television to support Allende's opposition.

The object of the campaign was to restore Christian Democrat Eduardo Frei Montalvo, regarded by ITT as friendly to its interests, to the presidency through a series of political maneuvers. These proposals had been reviewed by Broe, according to Merriam's testimony.

CIA Chief Launches Big Cutback in Force

By SEYMOUR M. HERSH

New York Times News Service

James R. Schlesinger, the new director of the Central Intelligence Agency, has begun the largest personnel cutback in the history of the agency.

Unofficial CIA sources estimated that at least 1,000—and possibly as many as 1,800—of the agency's approximately 18,000 jobs will be abolished by June 30.

In addition, the CIA director is expected to continue cutbacks in other intelligence agencies, too, such as the huge National Security Agency, staffed by 100,000 people, and the Defense Intelligence Agency, which employs about 3,000.

An official agency source acknowledged that what he termed a "reduction in force"—known in the government as a RIF—is under way "on a very selective basis" to eliminate

"marginal performers." But he would give no figures.

No official announcement of the cutbacks has been made to employees at CIA headquarters in Langley, Va.

"This is the first place I've ever been in where all the rumors come true, one agency employee said. "You get a call and get an interview and that's it," he said, describing the job-elimination process.

In addition to the layoffs, Schlesinger has initiated a high-level shake-up of key management positions inside the agency.

He reportedly has been told by President Nixon to improve the efficiency of the nation's over-all intelligence operations, which cost more than \$3 billion a year.

The CIA's Office of Research and Development in Washington is said to be particularly affected and is responsible for most of the agency's basic research projects. The official CIA

source, however, described the cuts as being "across the board" and not limited to any specific office.

The Associated Press quoted sources as saying that reports of a 10 percent reduction at CIA are high. In some cases, sources told AP, some employees have been transferred to other jobs, and some administrative personnel have been reshuffled.

A former high-level official expressed surprise when told of the large-scale personnel cutbacks. "The CIA doesn't have RIFs," he said. "That's always been considered a security risk."

The only significant cutback in the agency's history took place shortly after John J. McCone was named director in 1961 by President Kennedy, a few months after the aborted Bay of Pigs invasion of Cuba. About 200 agents employed by the agency's clandestine service were eliminated then, the former official said, "and that was very carefully handled."

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ITT 'Stop-Allende' Role Unfolds

By JEREMIAH O'LEARY
Star-News Staff Writer

John McCone, a former director of the Central Intelligence Agency and a director of ITT, today told a Senate subcommittee that ITT offered to put up \$1 million to support any U.S. government plan that would have deprived Marxist Salvador Allende of the presidency of Chile.

McCone was testifying on the second day of the hearings by the Senate subcommittee on multinational corporations into International Telephone & Telegraph's involvement with Chilean internal affairs.

He said he informed presidential adviser Henry A. Kissinger and then-CIA Director Richard Helms of the offer after Allende won a plurality in the popular election of Sept. 4, 1970 but before Allende was confirmed in the presidency by the Chilean Congress.

McCone said he was told of ITT's willingness to spend up to seven figures in the effort to block Allende at an ITT board meeting four or five days after the Chilean popular election. Allende had less than a 2 percent lead over two other candidates and faced a runoff in the Chilean Congress in November of that year.

The ITT decision, McCone said, under questioning from Chairman Frank Church, D-Idaho, was told to him by ITT President Harold Genseen. McCone said Genseen had told him the plan already had been submitted to Kissinger.

McCone testified that he met with Helms to tell him the funds were available and also met with Kissinger to ask if the U.S. government had any plan to block Allende.

Kissinger told McCone, the witness testified, that if there were such a plan "I'd hear from him. I didn't hear from him and I assumed there was none."

Before the Chilean election, McCone testified that he discussed the situation with Helms at least three times. McCone said he was, and still is, a consultant to the CIA.

"I wanted to reflect the views of ITT on the problems of the internal affairs of Chile."

ion was that Allende would win and since his campaign was on the basis of expropriating U.S. properties including those of ITT, "I felt our government should be alerted to the consequences, both for business reasons and the effect on the American taxpayer."

Subcommittee counsel Jerome Levinson asked McCone if he discussed with Helms, prior to the election, the possibility of any U.S. action against Allende.

"I asked Helms if the United States intended to do anything to encourage support for other candidates," McCone testified. "Helms told me the matter had been considered by the Interdepartmental Committee made up of State Department, Defense Department and CIA and that the decision was that nothing should be done. That was in late May or June 1970, three months before the election."

"But Helms did advise me that some minimal effort could be mounted."

Levinson asked McCone if Helms suggested that any of the CIA staff make contact with Genseen. McCone said Helms did make such a suggestion in July.

Church asked if Helms arranged for Genseen to meet with William Drew, at that time head of Latin American clandestine activities of CIA. McCone said that was correct.

But McCone denied that he offered the financial support of ITT to the government at that time before the election and said that if Genseen had suggested offering money to the CIA he would have told Genseen the CIA would not consider it under any circumstances.

McCone said that when he was director of the agency he did periodically receive such offers of financial support from private companies but that it was CIA policy to refuse such support.

McCone told a subcommittee

the CIA always follows policies set by the Interdepartmental Committee, headed by the chairman of the National Security Council, and does nothing without this approval. He said anything the CIA does is under the direction of the President and added he knew of no incident in his experience where the presidential policy was contrary to the sentiments of the select Senate Committee on CIA Operations.

Yesterday an ITT official told the subcommittee he did not consider it improper to go to the highest level of the U.S. government to seek action to protect the corporation's investment in Chile.

Jack Neal, a former State Department official and now director of international relations in ITT's Washington office, gave this reply under questioning by Sen. Charles Percy, R-Ill.

But when Chairman Frank Church, D-Idaho, pressed the question in less general terms, Neal said it would be wrong for an American-owned company to finance a military coup to oust a popularly elected president or to assist in any plan to wreak economic chaos on Chile.

Neal said this after the subcommittee read into the

record a memorandum of 18 points written by Neal for presentation in 1971 to then-White House economic adviser Peter G. Peterson. Labeled, "Action," the Neal memo said, "I believe it should be suggested that the Chile situation warrants high priority by the entire administration and that everything should be done quietly but effectively to see that Allende does not get through the crucial next six months. He (presumably Peterson) might propose the White House establish a special task force within the National Security Council to put pressure on Chile."

Neal said it would be wrong to try to promote economic chaos and denied that this was ITT's objective. He said ITT wanted only to protect its investment. Church said it seemed to him that Neal's 18 points described the very sort of action the former diplomat accepted as being im-

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